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FILED
MAY 10
CHARLES ELMORE CROPLEY
CLERK

IN THE

# SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1943.

No. 986

STERLING ALUMINUM PRODUCTS, INC.,
Petitioner,

vs.

SHELL OIL COMPANY,
Respondent.

## PETITION FOR A WRIT OF CERTIORARI

To the United States Circuit Court of Appeals
for the Eighth Circuit.

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## INDEX.


Page

Petition for writ of certiorari ..... 1

Opinion below ..... 2

Jurisdiction ..... 2

Question involved ..... 2

Question presented ..... 2

Statement ..... 3

Specifications of error to be urged ..... 5

Reasons for granting the writ ..... 5

(1) The Circuit Court of Appeals has erred in refusing to apply the applicable law of Missouri to the facts of this case ..... 5

(2) The Court erred in holding the decision of the Bloss case controlling of the issues in this case 10

Conclusion ..... 12


### Cases Cited.


Bloss v. Dr. C. R. Woodson Sanitarium Co. et al., 319 Mo. 1061, 5 S. W. (2) 367 ..... 10, 11, 12

Hadley v. Baxendale, 9 Ex. 341, 26 Eng. L. and Eq. 398 ..... 8

London Guarantee and Accident Co., Limited, of London, England, v. Strait Scale Co., 15 S. W. (2) 766, 322 Mo. 502, 64 A. L. R. 936 ..... 5, 7, 8

Mark et al. v. H. D. Williams Cooperage Company, 103 S. W. 20 ..... 8

Morse v. Consolidated Underwriters, 163 S. W. (2d) 586, 587 ..... 11

State ex rel. National Lead Co. v. Smith, Judge, 134 S. W. (2d) 1061, 1065 ..... 6

**Statutes Cited.**

Judicial Code, Section 240 (a), as amended by the Act of February 13, 1925, 43 Stat. 938 [28 U. S. C., No. 347 (a)] ..... 2

Workmen's Compensation Act, Chap. 29, R. S. Mo. 1939, Sec. 3689 et seq. ..... 6

Wrongful Death Statute in Missouri, R. S. Mo. 1939, Sections 3652 et seq. ..... 5,6

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**To the United States Circuit Court of Appeals for the Eighth Circuit.**

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Petitioner, Sterling Aluminum Products, Inc., a corporation, prays that a writ of certiorari be issued to review the judgment (R. 121) of the United States Circuit Court of Appeals for the Eighth Circuit, rendered on February 21, 1944, in a cause entitled "Sterling Aluminum Products, Inc., Appellant, versus Shell Oil Company, Appellee," designated in that court as No. 12,694, civil.

## OPINION BELOW.

The opinion of the United States Circuit Court of Appeals for the Eighth Circuit, upon which its judgment was based, is reported in 140 F. (2) 801 and is set out in the record (R. 121).

## JURISDICTION.

The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925, 43 Stat. 938 [28 U. S. C., No. 347 (a)], subject to the rules promulgated by this Court on February 27, 1939, and amendments thereto.

The judgment of which review is sought was entered on February 21, 1944 (R. 121), but did not become final until March 27, 1944, when petitioner's (appellant's) petition for rehearing was denied (R. 148).

## QUESTION INVOLVED.

Appellant contends that the decision of the United States Circuit Court of Appeals (R. 121) is contrary to the local applicable law as expressed by the Supreme Court of Missouri, and that grave error will be made if certiorari is not granted and the uniformity of the decisions in Missouri, and national uniformity of the law maintained.

## QUESTION PRESENTED.

Is the test and law applied by the United States Circuit Court of Appeals, namely, that the petitioner's cause of action is predicated upon the death of one of its employees and hence is not maintainable as an action for breach of warranty erroneous as in conflict with applicable local decisions?

## STATEMENT.

Petitioner is a corporation organized under the laws of Missouri, engaged in the manufacture of aluminum pistons and the rebuilding of automobile motor blocks. The disputed evidence, which is properly determinable by the jury, reveals that the petitioner claims the appellee warranted to it that a certain solvent manufactured by appellee was nonexplosive and in all manner safe for the known use to which the petitioner intended to make of the solvent. This the appellee denies. At the close of the evidence defendant requested an instructed verdict in its favor (R. 90), and, among other grounds, number 6 was, "That under the law of Missouri damages because of a death cannot be recovered in an action for breach of contract." Ruling on this particular question was reserved by the District Court, and the jury was instructed (R. 93) and exception thereto taken by petitioner (R. 98). The jury returned a verdict in favor of the defendant (R. 99), and petitioner thereafter filed a motion for new trial (R. 113), which was overruled by the District Court (R. 114). Petitioner then appealed to the Circuit Court of Appeals for the Eighth Circuit, and that Court in its opinion (R. 121) held that the instruction objected to by petitioner was erroneous, but that the appellee should have had a directed verdict in its favor because, as a matter of law, petitioner was not entitled to maintain this action. Therefore, we deem it unnecessary to review any of the evidence regarding the disputed facts, or the question of the District Court's instruction, and will confine ourselves to the theory of our case, and the reasons it can be maintained. On or about May 9, 1940, one of petitioner's employees was injured during the course of his employment, said injury causing his death. The injury and death were caused by the use of the solvent of defendant, in a manner in which the defendant had warranted to petitioner as being impos-

sible. Petitioner, as the result of the injury and death, paid to dependents of deceased the sum of four thousand dollars ($4,000.00). There is no dispute that the petitioner was liable for these payments under the provisions of the Missouri Workmen's Compensation Law. It is our contention that we are entitled to recover the amount paid to the dependents of deceased in an action for breach of warranty. The United States Circuit Court of Appeals for the Eighth Circuit in its decision (R. 121, 127) states as follows:

> "Plaintiff is seeking to recover damages predicated on the death of its employee. Under Missouri law, damages for death are not recoverable as a breach of contract, but only as a tort. The Supreme Court has specifically so ruled in Bloss v. Dr. C. R. Woodson Sanitarium Co., 319 Mo. 1061, 5 S. W. (2d) 367, 368. In that case, where the death was alleged to have been occasioned by a breach of contract and a demurrer had been sustained to the petition, the court, in affirming the judgment for defendant, stated that 'the doctrine in this state always has been that the wrongful death statutes confer a cause of action ex delicto, not one ex contractu.' However unfortunate this statutory construction may seem, we have no power to change it or right to ignore it."

Further in the opinion of the Circuit Court of Appeals (R. 127, 128) we find the following:

> "But the Workmen's Compensation Law merely fixed the scope and measure of plaintiff's liability for its employee's death. Plaintiff's liability was for the death, and the damages sought to be recovered here are therefore clearly predicated on the death and have been occasioned by it. In this connection, it should be noted that the Missouri Workmen's Compensation Law does not grant any right of recoupment to an employer against a third party, for compensation payments made on account of an employee's death, except under the

provisions of the general death statutes, and the Bloss case clearly settles that these statutes do not permit the assertion of damages for death as a breach of contract."

Petitioner contends that this is a misapplication of local law, a refusal to recognize the decisions of the Supreme Court of Missouri as they deal with the law of warranty, and an extension of the Bloss case far beyond the meaning of the decision when the facts of the Bloss case are reviewed and the subsequent passage of our Workmen's Compensation Law is considered.

## SPECIFICATIONS OF ERROR TO BE URGED.

The Circuit Court of Appeals erred:

(1) In refusing to apply the applicable law of Missouri to the facts of this case.

(2) In holding that the decision in the Bloss case (R. 127) is controlling of this case.

## REASONS FOR GRANTING THE WRIT.

(1) **The Circuit Court of Appeals has erred in refusing to apply the applicable law of Missouri to the facts of this case.**

The defense forwarded by the defendant in this case is exactly the same as that advanced in the case of London Guarantee and Accident Co., Limited, of London, England, v. Strait Scale Co., 15 S. W. (2) 766, 322 Mo. 502, 64 A. L. R. 936. It may be conceded that at common law there was no cause of action for death. It may also be conceded that there must be an enabling act in order for a certain limited class of heirs and dependents to maintain an action for death, and that prior to 1926 the Wrongful Death Statute in Missouri, R. S. Mo. 1939, Sections 3652

et seq., was the only such enabling act in Missouri. However, in 1926 the Missouri Workmen's Compensation Act was passed, Chapter 29, R. S. Mo. 1939, Sec. 3689 et seq., setting forth a separate and distinct cause of action for death due to accidental injury arising out of and in the course of the employment, but that law determines only the rights as between employer and employee or the dependents of the employee. The court below has failed to recognize one of the fundamental issues in this case when it says that the Compensation Law provides no means of recoupment in behalf of the employer except as set forth in the section subrogating the employer **to the rights of the employee** or dependents of the deceased (R. S. Mo. 1939, Section 3699). The very terms of that section of the law provides for and preserves to the employee the right to sue at common law a third party whose negligence is responsible for the injury, and provides a means whereby the employer may recover whatever amounts he has paid because of his liability under the Compensation Law. We have never, and do not now, contend that the dependents of our employee had any cause of action against Shell Oil Company for negligence. We do not contend that the Compensation Act sets forth any procedure allowing us to sue Shell Oil Company. We do contend that the Compensation Act rendered us liable to the dependents of our employee, and that liability was separate and distinct from any we may have had at common law or under the Wrongful Death Statute. The courts of Missouri, in the case of State ex rel. National Lead Co. v. Smith, Judge, 134 S. W. (2d) 1061, 1065, state as follows:

> "The Workmen's Compensation Act is a complete code governing all questions of substantive rights under its terms; and in cases cognizable before the Commission its jurisdiction is exclusive; it is not cumulative to or supplemental of common law, but is wholly substitutional; it is contractual and an integral

part of the employment contract. These expressions have become axiomatic by repetition in opinions of the appellate courts."

There can be no doubt that a new and distinct liability had been imposed upon petitioner, and the fact that that law sets forth no means of recoupment by the employer can have no controlling effect on this suit. This is a suit for breach of warranty, and governed by the law of warranty. Getting back to our statement that the defense in the instant case is the same as that interposed in the London Guarantee case, we find that the defendant there pleaded that contributory negligence was a defense. Now, it has always been fundamental in law that a person cannot recover for his own negligence or if his negligence is a contributing factor to his injury. This is exactly the same as saying we cannot recover because we have paid damages predicated on the death of our employee. Both are intended as absolute defenses. The Supreme Court of Missouri, in the London Guarantee case, deals with the above subject, and lays down this rule, 15 S. W. (2), l. c. 769:

"It is very doubtful therefore whether they were joint tort feasors in any proper sense. **The question of whether they were or not, it seems to us, is without relevance.** This is an action growing out of a breach of contract and not for contribution in tort. The real question is whether the damages sued for were proximately caused by defendant's breach of contract, or by the construction company's subsequent tort. And that question is not to be solved according to abstract principles of the law of negligence relating to proximate cause, but from the standpoint of contract; this is a suit for breach of contract."

This naturally leads to the query: What is the law of contracts and warranty? We deem it unnecessary to quote lengthy opinions and many citations, and will consider

only one other case in determining the law of contracts. The Missouri Supreme Court, in the case of Mark et al. v. H. D. Williams Cooperage Company, 103 S. W. 20, quotes the leading English case of Hadley v. Baxendale, 9 Ex. 341, 26 Eng. L. and Eq. 398, and sets forth this rule at page 26 of 103 S. W.:

> "Where two parties have made a contract which one of them has broken, the damages which the other party ought to receive in respect of such breach of contract should be such as may fairly and reasonably be considered either arising naturally, i. e., according to the usual course of things, from such breach of contract itself, or such as may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract, as the probable result of the breach of it." * * *
>
> "* * *. If, therefore, I sell pipe to my neighbor under an implied warranty that it is fit for use to supply steam heat for drying kilns in a cooperage plant, and my neighbor, relying on the warranty and knowing nothing of the unfitness of the pipe, i. e., without negligence on his part, applies it to such use, and damages to his staves, cooperage stuff, and otherwise from such use, I am liable for such consequential damages, because they were fairly within the contemplation of my neighbor and myself when the contract was made."

Again referring to the London Guarantee Case, we find this statement at page 769 of 15 S. W. (2d):

> "But from the facts already stated it is plain that both defendant and the construction company knew the uses to which the lever beam was to be put, the stress and strain to which it would be subjected; that if it broke, owing to a hidden structural defect, the scale and hopper would fall upon the engine or operating house of the coaling station; **that injury to persons and property would thereby likely ensue; and that under the law the construction company would be re-**

**quired to respond in damages therefor.** Such consequential damages, it may therefore reasonably be supposed, were in contemplation of both parties at the time they made the contract, as the probable result of the breach of it. It follows they are recoverable."

The Circuit Court of Appeals, in its opinion, completely disregards this rule of law, and says the London Guarantee case is controlled by the Wrongful Death Statute of Minnesota (R. 128). A reading of this case reveals no reference to tort law or to statutes of Minnesota. Had the London Guarantee case been a suit between dependents of deceased and the scale company, defendant, then the Minnesota Wrongful Death Statute might be involved, and the question of recovery for death by a contract action involved. That is not the case, and the court below can only give effect to the decisions of Missouri, which rule is that a buyer may recover from a seller in an action for breach of warranty all damages **imposed by law upon the buyer to third persons**, when those damages have been caused by the breach of warranty and those damages were fairly within the contemplation of the parties at the time of the making of the contract. The question of consequential damages, it seems, is a jury question, with proper instruction by the trial court.

The only law that the court below had any right to give effect to is the holdings of the Missouri Supreme Court and its rules of law respecting warranty and consequential damages. In giving effect to those decisions, the Court can only go outside those decisions to determine if there was **any liability imposed by law** upon the petitioner for damages to third persons. Under the Missouri Workmen's Compensation Law the liability of the petitioner to the dependents of its deceased employee is not questioned. Under the test of recovery of consequential damages for breach of warranty, we are entitled to recover those dam-

ages if the jury believes those damages were within the contemplation of the parties when they entered into the contract.

(2) **The Court erred in holding the decision of the Bloss case controlling of the issues in this case.**

In the case of Bloss v. Dr. C. R. Woodson Sanitarium Co. et al., 319 Mo. 1061, 5 S. W. (2) 367, the Court points out that at common law there was no recovery for death. Then the Court gives two reasons why there can be no recovery. They are: First, it could not fairly be held to be within the reasonable intendment of (the) contract that the hospital agreed to pay to the wife the value of the husband's life to her in case he did commit suicide, and, second, it is settled by innumerable cases that the right to recover for the death of a human being is a right solely given by statute. From these rules the Court arrives at the conclusion that a cause of action is not one ex contractu, but is one ex delicto, and, under Missouri statute, death was actionable only in accordance with our Wrongful Death Statute. The decision of the Court is correct, but inapplicable to the issues in this case. The facts of the Bloss case are so distinct and different from the instant case that the Bloss case does not state any law applicable to our case. It is true that consequential damages are discussed by the Court, but in the Bloss case the plaintiff had sustained no damage as the result of liability imposed upon plaintiff by law, said damages being paid to some third party. The plaintiff in the Bloss case could only have recovered on a theory of tort, because at the inception of the Bloss case, and under the facts of the Bloss case, there is only one enabling statute to recover for death, that being our Wrongful Death Statute. That statute, and hence the Bloss case, have no effect upon the liability of Sterling Aluminum Products, Inc., to the dependents of its deceased employee. Under the provi-

sions of the Compensation Law we were liable for the death of our employe exclusive of the question of negligence and totally and completely exclusive of the Wrongful Death Statute. That is the beginning and the end of the effect of our Compensation Law on this case. It imposes liability for death exclusive of the Wrongful Death Statute. There is no such statute in the Bloss case, nor is there any damage imposed by law upon the plaintiff to third persons. The court below, in requiring us to find some provision in the Compensation Law allowing us to recoupment against third persons is contrary to the applicable law of contracts. As the Bloss case is so distinguishable in fact from the instant case that it can have no effect here. As regards a cause of action for death, and this applies only to petitioner and dependents of deceased employee, there can be no doubt that under the decisions previously quoted there is an entirely different standard and manner set up for the recovery for death separate and distinct from the Wrongful Death Statute. As long as there is a statute making petitioner liable for death, under the law of Missouri, this Court and the court below has no option except to apply the law of contracts in the instant case. This is not a case wherein an employee is trying to maintain a common law suit, and, therefore, rules of negligence applicable to third party cases have no bearing.

The Supreme Court of Missouri, in the case of Morse v. Consolidated Underwriters, 163 S. W. (2d) 586, 587, lays down this rule:

> "In applying cases which have been decided, what may have been said in the opinion should be confined to, and limited by, the facts of the case under consideration when the expressions relied upon were made, and should not be extended to cases where the facts are essentially different."

Applying this test to the Bloss case, with the differences in fact noted, namely, that plaintiff has paid no damages to third persons imposed upon plaintiff by law, and the fact that the Bloss case is authority for the proposition that death is only recoverable by statute, and the Bloss case was not decided under the Compensation Law, there is such a material difference of fact that the Bloss case must not be considered as having any weight in the instant case.

The proper rule is stated in the cases quoted by petitioner herein, and, under the rule of contracts, once we have established petitioner's liability for death under any statute, and damages paid in accordance therewith, then the only issue before the Court is, were the damages proximately caused by the breach of warranty? If so, they are consequential damages, and recoverable under the law of Missouri.

## CONCLUSION.

In view of the failure of the Circuit Court of Appeals to give effect to the law of Missouri and the importance of this decision as it affects Missouri law, and that this same problem has been decided by another Federal Circuit Court of Appeals, the case is an appropriate one for review by this Court.

Respectfully submitted,

WAYNE C. SMITH, JR.,
Attorney for Petitioner.